

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	CC Docket No. 02-53
Presubscribed Interexchange)	CCB/CPD File No. 01-12
Carrier Charges)	RM-10131
)	
)	

Comments of Beacon Telecommunications Advisors, LLC

Beacon Telecommunications Advisors, LLC (Beacon) submits these comments in response to the Commission's Order and Notice of Proposed Rulemaking in the above-captioned proceeding.

Beacon is a regulatory, financial, and management consulting firm providing services to independent and tribal rural local exchange carriers (LECs) throughout the United States. Beacon's clients are impacted by decisions related to the issues presented in this proceeding.

Summary of Opinion

In general, Beacon believes Presubscribed Interexchange Carrier (PIC) Charges are just and reasonable in the telecommunications market today based on the \$5.00 safe harbor.¹ In addition, Beacon disagrees with those parties who purport that costs related to PIC changes have declined substantially since the mid-1980's, and instead proposes that costs have actually increased for this function since that time.

Cost of Providing Service

Much of the debate surrounding the issue of PIC change charges relates directly to the cost of providing this service, as CompTel petitions and submits in this proceeding.² Following is an example in support of Beacon's position: As a result of converting to equal access in the late 1980's and 1990's, numerous interexchange carriers (IXC's) were allowed into the Interlata toll market. As more and more LECs transitioned to "1+" calling over time, new entrants competed to gain new customers and therefore more market share. Because competition was opened up and held promising margins in this market, still more participants joined the list of competitors to vie for this business. Because of modernized automated procedures (i.e. technological improvements in computer hardware and software and more efficient customer service advancements associated therein), however, CompTel asserts, "...costs related to PIC changes have declined substantially since the \$5 safe harbor was implemented."³ This statement is incorrect. In essence, costs have actually increased due to the following reasons: 1) General cost of living and inflation factors have increased annually and significantly since the mid-1980's; and 2) wages and benefits for employees have also increased substantially since the mid-1980's. When applying these increased cost variables to a larger number of daily PIC change charges as a result of more customers changing their primary IXC, the record would show that LEC costs to perform this service is actually increasing because of the amount of human contact and involvement. Given these facts, it seems reasonable to conclude that PIC change charges have in fact increased since the safe harbor was instigated.

Market Tolerance

¹ 1984 Access Tariff Order, App. B at 13-5; Annual 1985 Access Tariff Filings, CC Docket No. 86-125, Memorandum Opinion and Order, 2 FCC Rcd 1416, 1445-46, paras. 272-74(1987)(1987 Access Tariff Order)

² FCC 02-79, CC Docket No. 02-53, para. 1

³ FCC 02-79, CC Docket No. 02-53, paras. 1,9

Since the safe harbor was implemented, IXC's have recognized that the cost of doing business in the Interlata toll market requires and mandates the development of a competitive business plan. To be more competitive, most all IXC's will either offer to pay the PIC change charge or have it credited to a customer bill once that customer has switched over to the new IXC as their primary toll carrier. Given the history and willingness of IXC's to act in this fashion, it seems appropriate that the current PIC change charge rate of \$5.00 is consistent with Section 201(b) of the Act which requires just and reasonable rates. Otherwise, market forces would have likely driven IXC's to address this issue long before now.

Conclusion

Based on the facts and support contained above, Beacon proposes to leave the safe harbor of \$5.00 intact for each PIC change charge. Beacon agrees with the old adage "if it ain't broke, don't fix it", which we believe is fitting and applicable to this proceeding.

Respectfully submitted,

Beacon Telecommunications Advisors, LLC

[Filed Electronically]

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